

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF POWELL'S VALLEY)	
WATER DISTRICT OF POWELL COUNTY,)	
KENTUCKY, FOR A CERTIFICATE OF PUBLIC)	CASE NO.
CONVENIENCE AND NECESSITY TO)	2004-00009
CONSTRUCT, FINANCE AND INCREASE RATES)	
PURSUANT TO KRS 278.023)	

O R D E R

On January 8, 2004, Powell's Valley Water District ("Powell's Water") submitted an application for a Certificate of Public Convenience and Necessity to construct, finance, and increase rates for a \$1,916,000 waterworks improvement project. This project consists of the installation of approximately 12 miles of 12-inch through 3-inch water transmission mains, two booster pumping stations, an 80,000-gallon water storage tank, and related appurtenances to provide service to approximately 47 new customers. Project funding consists of a \$600,000 loan from the U.S. Department of Agriculture's Rural Development ("RD"), a \$700,000 grant from the RD, a Tobacco Development Fund 03 grant in the amount of \$600,000, and a \$16,000 contribution from the applicant.

Powell's Water's application was made pursuant to KRS 278.023, which requires the Commission to accept agreements between water utilities and the U.S. Department of Agriculture or the U.S. Department of Housing and Urban Development and to issue the necessary orders to implement the terms of such agreements within 30 days of satisfactory completion of the minimum filing requirements. Given that minimum filing requirements

were met in the case on January 8, 2004, KRS 278.023 does not grant the Commission any discretionary authority to modify or reject any portion of this agreement.

IT IS THEREFORE ORDERED that:

1. Powell's Water is granted a Certificate of Public Convenience and Necessity for the proposed construction project.

2. Powell's Water's proposed plan of financing is accepted.

3. Powell's Water is authorized to issue bonds not to exceed \$600,000 at an interest rate not exceeding 4.5 percent per annum over a period not to exceed 40 years.

4. Powell's Water shall file a copy of the "as-built" drawings and a certified statement that the construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of the substantial completion of the construction certificated herein.

5. The rates set out in Appendix A, which is attached hereto and incorporated herein, are the rates approved for service rendered on and after the date of this Order.

6. Powell's Water shall file a new tariff to include the initial rates as set out in Appendix A within 30 days of the date of this Order.

7. Powell's Water shall obtain approval from the Commission prior to performing any additional construction not expressly authorized by this Order.

8. Powell's Water shall notify the Commission one week prior to the actual start of construction and at the 50 percent completion point.

9. Three years from the effective date of this Order, Powell's Water shall file an income statement, along with any pro forma adjustments, in sufficient detail to demonstrate

that the rates approved herein are sufficient to meet its operating expenses and annual debt service requirements.

Nothing contained herein shall be deemed a warranty of the Commonwealth of Kentucky, or any agency thereof, of the financing herein accepted.

Done at Frankfort, Kentucky, this 6th day of February, 2004.

By the Commission

ATTEST:


Executive Director

Case No. 2004-00009

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2004-00009 DATED FEBRUARY 6, 2004

The following rates and charges are prescribed for the customers in the area served by Powell's Valley Water District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

Monthly Water Rates

First	2,000 gallons	\$14.75 Minimum bill
Next	2,000 gallons	6.71 per 1,000 gallons
Next	2,000 gallons	5.96 per 1,000 gallons
Over	6,000 gallons	5.52 per 1,000 gallons